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THE AGRICULTURAL SITUATION

A Brief Summary of Economic Conditions

ISSUED MONTHLY BY THE BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

U. S. Department of Agriculture

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Washington, D. C.

JULY 1, 1928

Volume 12, No. 7

SEASON STILL BACKWARD—PRICES VARIABLE

The crops made considerable progress last month, but there was so much cool weather and rain that they appear to be still short of normal growth. Violent storms in the South caused no little damage to cotton and to ripe grain in certain sections. Cotton still presents a backward and spotted aspect, with widespread reports of irregular stands, grassy fields, and damage from bad weather. Corn made good growth on the whole, and is so far a promising crop, although the rains hindered cultivation and many fields are full of weeds. The general picture of a cold, rainy June does not apply to the Pacific Northwest, however, where wheat has been suffering from drought.

Wheat harvest is on. It, too, has been hindered by storms in the Southwest and bad weather elsewhere. New wheat is moving to market from Oklahoma and Texas. The grain is reported as well headed and filled throughout most of the winter-wheat territory, but there are many fields where the stand is exceedingly thin, especially in the Central and Eastern States.

The movement of wheat and of other new crops such as early fruits, vegetables, and potatoes to market has been accompanied by some decline in prices. In the case of potatoes, prices have fallen to levels very disturbing to growers.

The pig survey compiled last week showed a spring pig crop this year about 7 per cent less than last spring. This is equivalent to a decrease of about 4,000,000 pigs. The number of sows bred or to be bred for fall farrowings, after making the usual statistical allowance, indicates about 9 per cent fewer sows to farrow next fall than last fall in the Corn Belt, and 15 per cent fewer in the United States. This pig survey gives the most definite evidence available on the potential hog supply. It would appear to confirm the belief of observers that the general hog cycle is now in the phase of declining production and rising prices.

Considerable interest has been attached to the rise in prices of livestock, and of cotton and grain as well, which has taken place since the beginning of the year. The general index of unit purchasing power of farm products in terms of nonagricultural commodities reached 97 last month, the highest point since 1920, and stood thus practically back at the pre-war parity. However, this is not the time of year when farmers have a heavy volume of products to sell, unfortunately, and the crops which have gone to market so far have met declining prices.

KEY REGIONS AT A GLANCE

The East.—Crops made rapid growth last month, though are still somewhat behind normal. Corn generally reported as good stand, in marked contrast with last year. Potatoes are up to good stands in North and are well through bloom in southern sections. Haying getting under way. Old meadows thin, but new seeding generally reported good. Fruit prospect said to be for good crop. Conditions in dairy industry still favorable.

The South.—Too much rain from North Carolina to Oklahoma. Some river valleys badly flooded. Cotton is late, though it made fair growth last month. The crop is weedy, with stands irregular over widespread areas. In Texas, however, the weather has been fairly favorable and cotton is well along in bloom. Chopping still in progress in more northern sections. Pastures, corn, truck, and fruit generally in good shape, but tilled crops need warm, dry weather and cultivation. Heavy shipments of potatoes last month.

Corn Belt.—Corn shows good stands and is in fairly good condition, but did not make very rapid growth in many sections last month on account of cool, cloudy weather. Many complaints of weedy fields, especially in southern belt. Wheat ripening; harvest beginning. Both wheat and oats well headed but are thin, and straw is short over much of territory. Haying under way, but going slowly. Cool weather and rains improved meadows, new seeding in particular, but many old meadows are thin. Surveys showed a 7 per cent smaller pig crop in Corn Belt this spring than last.

Wheat Belt.—Winter wheat harvest on, though interrupted by frequent and damaging storms in Southwest. Large proportion of grain being handled with combines. Winter wheat thin and shows short straw in sections of both North and South, but crop reported good in Nebraska and much of Kansas. General rains over the northern spring wheat territory a couple weeks ago helped things greatly from Minnesota to Montana.

Range country.—Cold, cloudy weather last month retarded crop growth, but rains helped range and crops in northeastern areas. Haying under way, alfalfa cutting having been delayed in north by bad weather. Cold and rains also interfered with sheep shearing. Some sections badly in need of rain, on the other hand, as in Arizona, southern Utah, and western Idaho. Stockmen generally speak favorably of conditions both in sheep and cattle industries.

Pacific coast.—The northern region has come through another month badly in need of rain. Along the coast crops are in better shape, but large sections of eastern Washington and Oregon and western Idaho—the wheat sections—have suffered from drought, and wheat and all dry-land crops plainly show it. Early fruits ripening slowly, with some local damage from hail. In California weather conditions have been fairly favorable; grain harvest well along; cotton growing well, rice slowly; fruits in good condition.

PIG SURVEY AS OF JUNE 1, 1928

State or section	Pigs saved spring 1928 compared with spring 1927	Sows far- rowed spring 1928 compared with spring 1927	Sows bred or to be bred for fall far- rowing 1928 compared with sows farrowed fall 1927
	<i>Per cent</i>	<i>Per cent</i>	<i>Per cent</i>
Ohio.....	97.0	95.2	106.8
Indiana.....	91.1	91.7	109.7
Illinois.....	90.0	90.6	105.1
Michigan.....	77.6	77.9	97.8
Wisconsin.....	81.7	82.1	86.7
Minnesota.....	81.2	80.7	103.3
Iowa.....	92.1	88.8	112.4
Missouri.....	107.4	100.7	112.1
North Dakota.....	90.0	90.6	147.0
South Dakota.....	96.5	92.5	116.5
Nebraska.....	100.5	98.8	110.9
Kansas.....	96.9	97.4	123.9
Kentucky.....	85.4	82.2	96.9
East North Central.....	89.5	89.6	104.1
West North Central.....	94.3	91.6	113.5
North Atlantic.....	78.0	85.0	95.2
South Atlantic.....	94.7	100.7	118.7
South Central.....	89.1	92.3	119.0
Far Western.....	106.2	105.8	112.6
Corn Belt.....	93.0	91.0	109.1
United States total.....	92.9	92.3	111.7

A decrease of about 7 per cent in the spring pig crop of 1928 from that of 1927 for the United States as a whole and also for the Corn Belt States is shown by the June pig survey. This decrease is equivalent to about 4,000,000 head of pigs for the United States, of which over 3,000,000 represent the decrease for the Corn Belt States. A decrease in the fall pig crop of this year from that of last year is also indicated.

The number of sows farrowed in the spring of 1928 was 7.7 per cent smaller than in the spring of 1927 for the United States and 9 per cent smaller for the Corn Belt States. While the reported average number of spring pigs saved per litter for the United States was about the same as last year, the average in the Corn Belt was somewhat larger than last year.

The reports of the number of sows bred or to be bred for farrowing in the fall of 1928 point to a decrease from last year in the fall pig crop, assuming a similar relationship between breeding intentions and actual farrowings that has prevailed in other years. While the reports from farmers this year show increases of sows bred or to be bred of 12 per cent for the United States and 9 per cent for the Corn Belt over the number of sows actually farrowed last fall, in other years the number of sows farrowed in the fall as reported in December has always been much below breeding intentions reported in June.

AVERAGE PRICES OF FARM PRODUCTS RECEIVED BY PRODUCERS

Actual prices received by producers at local farm markets as reported to the division of crop and livestock estimates of this bureau. Average of reports covering the United States, weighted according to relative importance of district and State.

	5-yr. av. Aug., 1909- July, 1914	May aver- age, 1910- 1914	May, 1927	April, 1928	May, 1928
Cotton, per lb.-----cents--	12. 4	12. 7	13. 9	18. 7	20. 1
Corn, per bu.-----do-----	64. 2	66. 2	73. 0	91. 9	102. 5
Wheat, per bu.-----do-----	88. 4	90. 3	123. 2	129. 2	144. 3
Hay, per ton.-----dollars--	11. 87	12. 28	13. 20	10. 29	10. 70
Potatoes, per bu.-----cents--	69. 7	69. 5	146. 0	116. 8	103. 3
Oats, per bu.-----do-----	39. 9	41. 5	45. 4	56. 9	62. 0
Beef cattle, per 100 lbs.dollars--	5. 22	5. 50	7. 17	8. 92	9. 09
Hogs, per 100 lbs.-----do-----	7. 23	7. 23	9. 41	7. 75	8. 82
Eggs, per doz.-----cents--	21. 5	16. 7	19. 8	22. 8	24. 2
Butter, per lb.-----do-----	25. 5	24. 1	42. 1	44. 0	42. 9
Butterfat, per lb.-----do-----			43. 6	45. 5	44. 4
Wool, per lb.-----do-----	17. 7	17. 8	30. 1	35. 6	37. 0
Veal calves, per 100 lbs.dollars--	6. 75	6. 59	9. 37	11. 18	11. 18
Lambs, per 100 lbs.-----do-----	5. 91	6. 46	11. 92	12. 73	13. 03
Horses, each.-----do-----	142. 00	144. 00	81. 00	85. 00	86. 00

The farm price of hogs advanced sharply from April 15 to May 15, the May 15 farm price being 14 per cent higher than that for a month previous. The abrupt rise in the farm price of hogs has been due primarily to the sharp decline in receipts at primary markets from April 15 to May 15, following the heavy marketings in February and March. The recent revival in export demand for pork and pork products has also been a factor influencing the farm price increase.

The farm price of lambs showed a 2 per cent rise from April 15 to May 15, while sheep prices remained practically the same. The development of the early spring lamb crop was retarded, due to unfavorable weather conditions during March and April, and marketing was delayed.

The farm price of corn advanced 13 per cent during the period April 15 to May 15. This price advance may be accounted for largely by the combined high feeding demand due to the short oats supplies and unusually small farm supplies of corn in the eastern Corn Belt States.

The farm price of potatoes declined over 11 per cent in May. However, this decline was by no means uniform for the country as a whole. The lateness of the season and relatively light receipts of new potatoes from the south Atlantic and south central sections tended to hold prices in these regions at the previous month's level. The movement of old potatoes has continued brisk during the last month, and in consequence prices of potatoes in the North Atlantic, North Central, and Western States have declined from 18 to 21 per cent since April 15.

PRICE INDEXES FOR MAY, 1928

Farm products figures from this bureau; commodity groups from Bureau of Labor Statistics (latter shown to nearest whole number). Shows year ago and latest available month.

FARM PRODUCTS

[Prices at the farm; August, 1909-July, 1914=100]

	May, 1927	April, 1928	May, 1928	Month's trend
Cotton.....	112	151	162	Higher.
Corn.....	114	143	160	Do.
Wheat.....	139	146	163	Do.
Hay.....	111	87	90	Do.
Potatoes.....	209	168	148	Lower.
Beef cattle.....	138	172	175	Higher.
Hogs.....	130	107	122	Do.
Eggs.....	92	106	113	Do.
Butter.....	165	173	168	Lower.
Wool.....	169	200	208	Higher.

COMMODITY GROUPS

[Wholesale prices; 1926=100]

	May, 1927	April, 1928	May, 1928	Month's trend
Farm products.....	96	108	110	Higher.
Foods.....	94	100	101	Do.
Hides and leather products.....	104	127	126	Lower.
Textile products.....	94	96	97	Higher.
Fuel and lighting.....	84	81	82	Do.
Metals and metal products.....	99	98	99	Do.
Building materials.....	95	92	94	Do.
Chemicals and drugs.....	95	96	95	Lower.
House-furnishing goods.....	98	98	98	Unchanged.
All commodities.....	94	97	99	Higher.

GENERAL TREND OF WAGES AND PRICES

[1910-1914=100]

Year and month	General wage level ¹	Farm wages ²	Retail price of food ³	Whole-sale price of food ³	Whole-sale price all commodities ⁴
1910.....	-----	97	96	100	103
1911.....	-----	97	95	96	95
1912.....	-----	101	101	103	101
1913.....	-----	104	103	99	102
1914.....	⁵ 100	101	106	101	100
1915.....	101	102	104	104	103
1916.....	114	112	117	120	129
1917.....	129	140	151	166	180
1918.....	160	176	174	187	198
1919.....	185	206	192	205	210
1920.....	222	239	210	218	230
1921.....	203	150	158	143	150
1922.....	197	146	146	137	152
1923.....	214	166	151	143	156
1924.....	218	166	150	143	152
1925.....	223	168	162	156	162
1926.....	229	171	166	152	154
1927.....	231	170	160	148	149
May—					
1921.....	204	-----	149	138	148
1922.....	194	-----	143	137	150
1923.....	218	-----	147	143	159
1924.....	217	-----	145	136	150
1925.....	221	-----	146	152	158
1926.....	226	-----	166	153	154
1927.....	230	-----	160	147	147
1927					
July.....	228	172	158	144	147
August.....	231	-----	157	145	149
September.....	233	-----	159	149	152
October.....	231	175	161	152	153
November.....	226	-----	161	153	152
December.....	233	-----	161	151	152
1928					
January.....	230	161	160	-----	-----
February.....	230	-----	156	-----	-----
March.....	233	-----	156	-----	-----
April.....	227	166	157	-----	-----
May.....	230	-----	159	-----	-----

¹ Average weekly earnings, New York State factories.² Index based on both monthly and daily wages.³ Bureau of Labor Statistics index numbers converted to 1910-1914 base.⁴ Bureau of Labor Statistics.⁵ June.

GENERAL TREND OF PRICES AND PURCHASING POWER

[On 5-year base; August, 1909–July, 1914=100]

Year and month	Index numbers of farm prices							Wholesale prices of nonagricultural commodities ¹	Relative purchasing power of farmer's product
	Grains	Fruits and vegetables	Meat animals	Dairy products	Poultry products	Cotton and cottonseed	All groups, 30 items		
1910.....	104	91	103	100	104	113	103	102	101
1911.....	96	106	87	97	91	101	95	96	99
1912.....	106	110	95	103	101	87	99	100	99
1913.....	92	92	108	100	101	97	100	105	95
1914.....	103	100	112	100	105	85	102	97	105
1915.....	120	83	104	98	103	78	100	101	99
1916.....	126	123	120	102	116	119	117	138	85
1917.....	217	202	173	125	157	187	176	182	97
1918.....	226	162	202	152	185	245	200	188	107
1919.....	231	189	206	173	206	247	209	199	105
1920.....	231	249	173	188	222	248	205	241	85
1921.....	112	148	108	148	161	101	116	167	69
1922.....	105	152	113	134	139	156	124	168	74
1923.....	114	136	106	148	145	216	135	171	79
1924.....	129	124	109	134	147	211	134	162	83
1925.....	156	160	139	137	161	177	147	165	89
1926.....	129	189	146	136	156	122	136	161	85
1927.....	128	155	139	138	141	128	131	152	86
May—									
1920.....	277	373	181	187	186	303	235	254	92
1921.....	116	132	111	141	111	78	112	168	66
1922.....	115	206	119	126	114	144	127	164	78
1923.....	123	157	108	142	117	211	135	176	77
1924.....	114	132	107	128	109	222	129	162	80
1925.....	159	162	139	132	131	184	146	161	90
1926.....	131	240	148	130	135	130	139	160	87
1927.....	127	158	137	136	112	113	126	150	84
1927									
September.....	134	145	142	135	143	179	140	152	92
October.....	128	138	145	139	167	169	139	151	92
November.....	120	136	141	141	189	162	137	151	91
December.....	123	141	138	145	195	153	137	151	91
1928									
January.....	125	144	138	145	177	152	137	150	91
February.....	128	153	139	145	144	141	135	151	89
March.....	136	174	139	142	122	147	137	151	91
April.....	144	179	142	139	121	154	140	151	92
May.....	160	181	151	136	128	166	148	152	97

¹ This index supplied by Bureau of Labor Statistics to December, 1927. For subsequent months the index is derived from the new all-commodity index of the Bureau of Labor Statistics, 1926=100, by excluding farm products and feed products and converting the result to 1910–1914=100.

THE TREND OF MOVEMENT TO MARKET

Figures show wheat, corn, hogs, cattle, sheep receipts at primary markets; butter receipts at five markets, compiled by this bureau.

Year and month	Receipts					
	Wheat	Corn	Hogs	Cattle	Sheep	Butter
Total—	<i>1,000 bushels</i>	<i>1,000 bushels</i>	<i>1,000</i>	<i>1,000</i>	<i>1,000</i>	<i>1,000 pounds</i>
1920-----	332,314	210,332	42,121	22,197	23,538	402,755
1921-----	435,606	340,908	41,101	19,787	24,168	468,150
1922-----	413,106	378,598	44,068	23,218	22,364	526,714
1923-----	386,430	271,858	55,330	23,211	22,025	545,380
1924-----	482,007	278,719	55,414	23,695	22,201	587,477
1925-----	346,381	223,604	43,929	24,067	22,100	574,489
1926-----	362,876	234,873	39,772	23,872	23,868	572,935
1927-----	455,991	241,245	41,411	22,763	23,935	581,592
May—						
1920-----	19,112	10,863	4,210	1,778	1,488	33,225
1921-----	23,569	19,196	3,328	1,542	1,916	49,291
1922-----	28,204	21,965	3,737	1,878	1,692	56,636
1923-----	17,457	10,809	4,524	1,900	1,794	54,249
1924-----	16,039	15,988	4,321	1,890	1,344	56,937
1925-----	17,896	11,935	3,283	1,737	1,689	56,838
1926-----	15,260	11,972	3,037	1,894	1,717	54,464
1927-----	17,760	12,908	3,613	1,956	2,013	63,710
1927						
July-----	52,996	14,724	3,046	1,547	1,676	67,282
August-----	78,909	17,023	3,041	2,065	2,209	57,446
September-----	79,962	21,259	2,565	1,988	2,848	42,234
October-----	71,696	19,132	3,039	2,635	3,587	38,301
November-----	42,394	15,924	3,666	2,346	1,896	33,607
December-----	23,903	36,777	4,209	1,691	1,609	33,687
1928						
January-----	22,313	37,116	5,306	1,771	1,705	42,271
February-----	21,403	44,453	5,267	1,516	1,669	41,140
March-----	24,639	39,520	4,639	1,465	1,520	45,748
April-----	17,483	19,724	3,483	1,684	1,591	44,721
May-----	24,718	23,289	3,723	1,799	1,952	54,427

May is the clean-up month for old wheat and the movement of wheat to market this year exceeded any May since 1922. Corn movement also was relatively heavy. Same true of hogs and lambs. Receipts of cattle and of butter somewhat below May of last year but about like other recent years.

THE TREND OF EXPORT MOVEMENT

Compiled from the Department of Commerce reports by division of statistical research of this bureau.

Year and month	Wheat including flour ¹	Tobacco (leaf)	Bacon, hams, and should- ers ²	Lard	Total meats ³	Cotton running bales ⁴
Total—	<i>1,000 bushels</i>	<i>1,000 pounds</i>	<i>1,000 pounds</i>	<i>1,000 pounds</i>	<i>1,000 pounds</i>	<i>1,000 bales</i>
1920-----	311, 601	467, 662	821, 922	612, 250	1, 043, 500	6, 111
1921-----	359, 021	515, 353	647, 680	868, 942	786, 280	6, 385
1922-----	235, 307	430, 908	631, 452	766, 950	733, 832	6, 015
1923-----	175, 190	474, 500	828, 890	1, 035, 382	958, 472	5, 224
1924-----	241, 454	546, 555	637, 980	944, 095	729, 832	6, 653
1925-----	138, 784	468, 471	467, 459	688, 829	547, 361	8, 362
1926-----	193, 861	478, 769	351, 591	698, 971	428, 613	8, 916
1927-----	222, 792	506, 751	237, 798	681, 303	302, 936	9, 198
May—						
1920-----	26, 555	33, 303	68, 308	55, 544	88, 253	359
1921-----	31, 877	40, 220	53, 973	48, 604	63, 070	473
1922-----	14, 485	38, 844	44, 058	50, 817	50, 196	457
1923-----	14, 593	28, 421	64, 608	93, 199	72, 606	158
1924-----	7, 401	39, 661	45, 584	62, 648	51, 380	307
1925-----	13, 114	22, 415	33, 475	71, 135	38, 977	314
1926-----	12, 558	27, 431	30, 104	58, 154	35, 197	412
1927-----	14, 123	40, 376	21, 634	64, 418	27, 035	612
1927						
July-----	12, 100	28, 229	24, 040	46, 972	30, 043	372
August-----	28, 347	27, 817	16, 841	50, 816	23, 123	322
September-----	39, 765	38, 394	23, 952	59, 736	30, 213	620
October-----	36, 347	47, 044	16, 322	50, 355	21, 418	1, 113
November-----	26, 961	54, 307	13, 744	49, 636	17, 982	984
December-----	12, 211	47, 644	19, 947	62, 855	24, 453	745
1928						
January-----	11, 809	42, 600	22, 212	70, 660	27, 102	712
February-----	6, 725	41, 355	22, 175	79, 872	27, 850	614
March-----	7, 492	45, 957	28, 016	79, 929	34, 666	596
April-----	7, 880	41, 218	22, 074	56, 554	28, 607	467
May-----	8, 793	38, 726	21, 711	55, 540	28, 148	578

¹ Wheat flour is converted on a basis of 4.7 bushels of grain equal 1 barrel of flour.

² Includes Cumberland and Wiltshire sides.

³ Includes fresh, canned, and pickled beef; bacon, hams, and shoulders; fresh, canned, and pickled pork; fresh mutton and lamb.

⁴ Excludes linters.

COLD-STORAGE SITUATION

[June 1 holdings (shows nearest million; i. e., 000,000 omitted)]

Commodity	5-year average	Year ago	Month ago	June 1, 1928
Creamery butter-----pounds--	20	25	5	16
American cheese-----do-----	30	36	30	37
Case eggs-----cases--	¹ 7, 735	¹ 8, 962	¹ 4, 515	¹ 8, 162
Total poultry-----pounds--	54	62	57	44
Total beef-----do-----	62	50	46	38
Total pork-----do-----	782	788	961	917
Lard-----do-----	114	112	173	186
Lamb and mutton-----do-----	2	1	2	1
Total meats-----do-----	911	900	1, 079	1, 021

¹ Three figures omitted.

The storage season for creamery butter opened with an into-storage movement, during May, of 11,000,000 pounds. This compares with a similar movement of a year ago of 22,000,000 pounds.

The into-storage movement of American cheese was approximately 6,500,000 pounds, compared with slightly under 3,500,000 for May last year.

With case eggs, the May 1 holdings apparently showed a shortage of 986,000 compared with the previous year. By June 1, the shortage had been reduced to some extent and the stocks were 800,000 cases under those for June, 1927. The increase in stocks for the month was 3,647,000 cases; which compared with 3,461,000 a year ago.

Holdings of frozen poultry were reduced by about 13,000,000 pounds, which is in line with the average movement for this period.

Stocks of frozen and cured beef were reduced to approximately 13,000,000 pounds less than a year ago, and slightly over 24,000,000 less than the five-year average for this date.

Frozen and cured pork holdings declined, during the month, nearly 44,000,000 pounds; but stocks are still unusually heavy, there being on hand close to 129,000,000 pounds more than the same date a year ago and nearly 135,000,000 more than the five-year average.

Lard stocks were increased by about 12,500,000 pounds, as compared with a similar amount a year ago.

To whatever extent cold-storage holdings may tend to influence the position of producers it is interesting to note how current stocks compare with the average situation. The current stocks would, to that extent, appear to reflect a relatively advantageous position for producers of butter, beef, and lamb, but less advantageous for eggs and pork products.

GENERAL BUSINESS INDICATORS RELATED TO AGRICULTURE

	May, 1927	April, 1928	May, 1928	Month's trend
PRODUCTION				
Pig iron, daily (thousand tons).	109	106	106	Unchanged.
Bituminous coal (million tons).	35	32	37	Increase.
Steel ingots (thousand long tons).	4, 047	4, 303	4, 203	Decrease.
CONSUMPTION				
Cotton, by mills (thousand bales).	630	525	578	Increase.
Unfilled orders, Steel Corporation (thousand tons).	3, 051	3, 872	3, 417	Decrease.
Building contracts in 27 Northeastern States (million dollars).	475	569	592	Increase.
Hogs slaughtered (thousands).	2, 380	2, 078	2, 420	Do.
Cattle slaughtered (thousands).	1, 201	1, 013	1, 120	Do.
Sheep slaughtered (thousands).	951	814	951	Do.
MOVEMENTS				
Bank clearings (New York) (billion dollars).	25	32	37	Do.
Carloadings (thousands)-----	4, 108	3, 738	4, 006	Do.
Mail-order sales (million dollars).	34	40	40	Unchanged.
Employees, New York State factories (thousands).	480	459	454	Decrease.
Average price 25 industrial stocks (dollars).	210	263	267	Increase.
Interest rate (4-6 months' paper, New York) (per cent).	4. 10	4. 31	4. 55	Do.
Retail food price index (Department of Labor). ¹	155	152	154	Higher.
Wholesale price index (Department of Labor). ²	94	97	99	Do.

¹ 1913=100.² 1926=100.

The situation with respect to money and credit appears to have tightened up. Interest rates are higher. The bond market has been declining, and lately the stock market has had some rather sensational declines. Well-posted observers consider these phenomena likely to continue as a result of the changed Federal reserve policy and of the movement of accumulated foreign funds out of this country.

Regardless of the stock market, the general trend of industrial activity has been upward in recent months as gauged by the important iron, steel, and building industries, and by carloadings and volume of bank business. Certain industries have not been doing well, however, and there is some unemployment, it is true. In the main, the business prospect is not materially changed so far as it concerns the production plans of farmers.

SUMMARY OF DAIRY STATISTICS

[Million pounds, 000,000 omitted]

PRODUCTION

	May			January to May, inclusive		
	1928	1927	Per cent change	1928	1927	Per cent change
Creamery butter.....	156	170	- 8. 4	582	597	- 2. 6
Farm butter.....	61	62	- 1. 0	215	218	- 1. 8
Total butter.....	217	232	- 6. 4	797	815	- 2. 2
Cheese.....	40	41	- 1. 5	147	144	+ 2. 0
Condensed and evaporated milk.....	205	241	- 15. 0	791	815	- 2. 9
Total milk equivalent.....	5, 469	5, 884	- 7. 0	20, 184	20, 592	- 2. 0

APPARENT CONSUMPTION

[Including production, changes in stocks, and net imports or exports]

Butter.....	206	250	- 17. 6	829	869	- 4. 6
Cheese.....	39	42	- 7. 1	191	196	- 2. 0
Condensed and evaporated milk.....	161	165	- 2. 4	753	724	+ 4. 0
Total milk equivalent.....	5, 115	6, 078	- 15. 8	21, 210	22, 013	- 3. 6

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THE DAIRY SITUATION

With the new season advanced another month there is further evidence of the lighter dairy production this year which has been referred to during recent months. Official reports on country-wide butter production cover the period up to June 1 only, but trade reports since that date indicate some doubt as to whether current butter production is equaling that of last year. The estimate of total butter produced in May shows a decrease of 8 per cent under May, 1927, with decreases in practically all States. Of the most important dairy States, California alone is an exception. Condensery production has also continued to run below last year, with May showing fully a 10 per cent drop. In the cheese districts of Wisconsin, receipts of cheese at country warehouse points the past 30 days have been 5 per cent less than during the same period a year ago, and total receipts for the calendar year are now less than the corresponding period in 1927. Up to the middle of June, they had been heavier as each week's totals were added.

The result of the above conditions is reflected in other available statistics which have a direct relation to production. Butter in storage on June 1 was but 16,000,000 pounds, an amount in excess of many estimates, but a reduction of 9,400,000 pounds under June 1, 1927. Interest now centers in the July 1 figure, which last year was 90,000,000 pounds. The principal index in this connection is the weekly report which includes 26 important storage centers and shows present stocks (June 25) at these points to be a third less than last year. Obviously, total United States stocks of butter on July 1 will be far less than in 1927. Cheese stocks, on the other hand, are almost up to last year's totals. Manufacturers' stocks of condensed and evaporated milk on June 1 were 158,000,000 pounds, an increase of but 34,000,000 pounds during May, compared with an increase of 66,000,000 pounds in May last year, and a five-year average increase in May of 49,000,000 pounds.

In the face of the season's developments dairy markets have continued generally firm. There has naturally been a more or less nervous undertone the past month, because with the rather unusual weather conditions which prevailed for this time of the year the production outlook has been uncertain. Despite this, however, prices have held. Butter prices throughout June to date have been higher than any June prices since 1920, averaging around 44 cents for 92 score at New York, compared with 42½ cents last year, and for the most part have shown very slight variation. During the past week the feeling has increased among storage operators that prices may be close to the low point, with the result that more willingness to store has been noted. Up to this time, much of the increase in the storage holdings of butter has been due to inability of receivers in the markets to profitably dispose of high cost goods, so that storing was the only alternative. An increase in cheese prices at primary markets toward the middle of the month indicated some additional strength in cheese markets. Prices of condensed and evaporated milk show no material change, but improvement in demand is reported. All of these conditions may be accepted as evidence of dairy markets generally being in a fairly strong position.

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THE EGG AND POULTRY SITUATION

As the end of June is reached, the first part of the egg storage deal, the accumulation of stocks in the cold storage warehouses is practically brought to a close. Additions to these stocks during July will be relatively small, both because of lessened receipts and hot weather defects which make the eggs less suitable for storage purposes, and the situation will not be materially changed during that month. To all intents and purposes the die is cast; the eggs are stored; the investment has been made. It remains to be seen whether the eggs can be worked out at prices which will spell profit or must eventually be cleared at prices which will mean an unprofitable storage season.

Statistically, the egg situation continues stronger than last year. On June 1, the shortage in storage stocks as compared to 1927 amounted to 800,000 cases, a substantial amount but a reduction in the shortage from May 1 of about 200,000 cases. It appears probable that there has been a further reduction in the storage shortage during June, but it is quite certain that the shortage on July 1 and again on August 1, when peak holdings are reached, will be substantial. On the other hand, holdings last year were at record levels and the successful clearing of the warehouses may have been largely due to the low prices then prevailing which are believed to have stimulated consumption. This year's holdings, while less than a year ago, are heavy, and it must be remembered that the cost of the eggs into the warehouses was 5 or 6 cents a dozen higher than in 1927. Will the higher prices, which will be necessary this year in order to show a profit, check consumption and jeopardize the storage deal?

These considerations have tended to make dealers cautious, with the result that the egg market during June has been featured by conservatism. Receipts decreased during the month, more sharply toward the end, but were approximately the same as a year ago. Toward the close a firmer tone developed with a slight price appreciation. Quality is running off, and fancy stock is in good demand with premiums obtainable. Storage packed eggs are firm, due to the tight situation in future options, and there is a possibility that the market may prove to be oversold, with attendant difficulty in making deliveries which may run the market considerably higher.

Storage holdings of frozen eggs on June 1 were about 68,000,000 pounds, or about 3,500,000 pounds less than last year. Some concern has been expressed by the trade over rumors that the pack of frozen and dried eggs in China was lighter this year than last. A recent report, however, states that the spring pack of frozen eggs for all China during the season now closing is considered to be larger than last year. However, indications are that shipments to the United States to date are less, frozen whole eggs and frozen yolks amounting to about 80 per cent and frozen albumen to about 20 per cent of amounts shipped last year. Exports to the United States of dried whole eggs and dried yolks up to June 1 were larger and of dried albumen smaller than in 1927.

The fresh dressed poultry market is firm, with arrivals light. Broilers are in increasing supply, but demand has been active and a disposition shown to store any accumulations, which has resulted in a fairly well sustained situation, with prices firm. Fowls have ruled steady most of the month, but toward the close demand slackened and a slightly weaker tone was in evidence.

Stocks of frozen poultry on June 1 were some 17,500,000 pounds less than in 1927. This shortage was especially pronounced in the broiler, roaster, and miscellaneous classes, while fowl and turkey classes were at practically the same levels as a year ago. Frozen broilers are fairly well cleaned up and rule firm. Roasting chickens are also scarce, and the market is in sellers' favor. Fowl are still in fair supply but held steady until near the end of the month when an easier tone developed. So far the frozen poultry deal has been satisfactory to storers.

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NOTES ON THE FRUIT AND VEGETABLE SITUATION

Apple growers are trying to reckon how much the rather liberal crop outlook was changed by the June drop. It looks now like plenty of apples both East and West, but possibly no more than can be sold well if export trade is active. Europe expects a fairly good crop in most sections but will need to import more if the price is moderate, as seems probable.

English news reports show gains of about 8,000 acres in fruit last year, more than half of the increase being in Kent, Worcester, and Hereford Counties. Additional planting is reported this year in the same districts.

Peaches look like a big crop. Georgia growers are worrying now over the market surplus expected in midsummer when Georgia, North Carolina, and States farther west are shipping together. Their problem is to keep the low-grade fruit out of the market and to distribute shipments as widely as possible. The best fruit has been bringing fairly high prices in northern cities, but shipments are hardly yet in full swing. The northern peach crop was reported promising at last accounts.

Grape growers expect another big crop in California. They are making plans to control shipments, but are likely to send out as many as can be sold without smashing the market. They did a very good job last year in controlling the situation, but the moderate supply of other fruits was in their favor. They are likely to meet a still harder problem this season. The success of the producers in controlling the western situation will have a bearing on the market prospects of the grape crop of New York, Pennsylvania, and other eastern sections.

HEAVY POTATO SHIPMENTS

Potatoes are turning out a big low-priced crop so far, and northern growers are beginning to wonder if they planted too many. Shipments have been coming to market at the rate of 1,000 to 1,500 cars per day, and the demand has been unable to take proper care of such enormous quantities. Prices of \$2 per barrel in the city leave the shippers in a helpless position. To dig or not to dig, is reported to be the question among the southern growers. Some of them have settled it for themselves by forgetting about potatoes for the present and turning their attention to cultivating their sweet potatoes, corn, and other crops, refusing to dig potatoes unless the local price shows a little return after paying for the labor and marketing expenses. These southern potatoes are mostly of good quality and the yield is large. The price makes it necessary to ship only the best stock.

The heaviest shipping region in June was North Carolina, where the growers were being paid \$1.50 to \$1.65 per barrel at shipping point, which is about 1 cent per pound. The eastern shore section, a little farther north, is also in full swing, and New Jersey will come next, with a good crop, besides a number of shipping sections westward. The prospect is for plenty of potatoes through July. There are a few old potatoes still coming. The growing crop in the North, although late, is reported doing well.

Cabbage growers seem to be cutting down their acreage and they may be able to avoid any such low prices as prevailed last season. The cabbage crop is starting late in all northern sections, New York, the upper lakes region, and Colorado. Southern cabbage has been selling at low prices.

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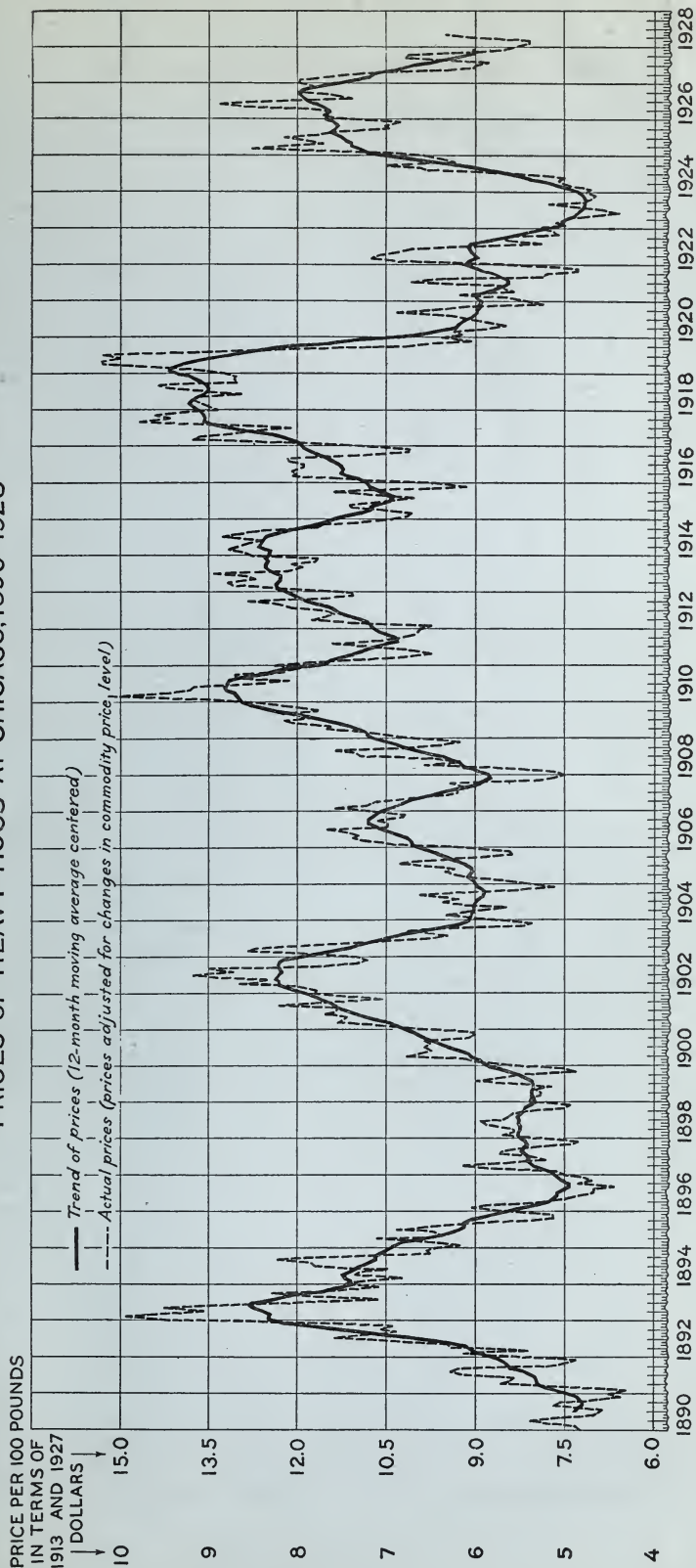
MAJOR AND MINOR HOG-PRICE CYCLES

The outstanding and most significant characteristic of hog prices is that they fluctuate in fairly regular and very definite cycles, low hog prices being followed by high prices and then again by low prices.

Another important characteristic is that some cycles are of greater magnitude than others and that the larger or major cycles are followed by smaller or minor cycles. During the 45 years from 1878 to 1924 there have been 10 hog-price cycles in the United States, 5 of which have been major ones, and each of these 5 was followed by a minor one. The cycle which began in 1924 and which has apparently terminated this season was comparable to the preceding major cycles.

The basis for these statements, as well as additional characteristics of hog-price cycles, are shown in the accompanying table. This table is based on a long-time series of monthly heavy hog prices at Chicago, as reported by the Drovers' Journal, which have been converted into equivalents of 1913 dollars. It shows in the first section for major cycles and in the second section for the succeeding minor cycles four facts, (1) the duration in months of the complete cycle from one low-price period to the next low, (2) the duration of the rise from the low point to the high, (3) the duration of the fall in prices from the peak to the next low point, and (4) the maximum rise in price from the lowest to the highest monthly price during the cycle.

PRICES OF HEAVY HOGS AT CHICAGO, 1890-1928



PRICES OF HEAVY HOGS AT CHICAGO, 1890-1928

Characteristics of major and minor hog price cycles

Period	Major cycles				Period	Minor cycles			
	Duration ¹ of—			Maxi- mum rise in price ²		Duration ¹ of—			Maxi- mum rise in price ²
	Cycle	Rise	Fall			Cycle	Rise	Fall	
	<i>Mos.</i>	<i>Mos.</i>	<i>Mos.</i>		<i>Mos.</i>	<i>Mos.</i>	<i>Mos.</i>		
1891-1896---	71	32	39	\$5. 50	1896-1899---	38	23	15	\$1. 60
1899-1904---	59	35	24	4. 30	1904-1907---	38	23	15	2. 50
1907-1911---	45	30	15	5. 10	1911-1915---	46	31	15	2. 30
1915-1920---	74	52	22	4. 10	1920-1924---	34	19	15	2. 00
1924-1928---	53	35	18	4. 50	(1928-1931)---	-----	-----	-----	-----
Average---	60	36	24	4. 70	Average---	39	24	15	2. 10

¹ Duration of cycles, and of rise and fall measured from low to high to low points on a 12-month moving average. Dates of the selected low points: October, 1890; September, 1896; November, 1899; October, 1904; December, 1907; September, 1911; August, 1915; December, 1920; October, 1923 (January-March, 1928).

² Prices used: Heavy hogs, Drovers Journal Yearbook, deflated by Bureau of Labor all-commodity index, 1913=100. These prices, in terms of the present commodity price level, would be 50 per cent higher.

It will be noticed that the major cycles have lasted longer than the minor ones, ranging from 45 to 74 months for the first and from 34 to 46 for the second, or an average of 60 and 39, respectively. In both the major and minor cycles the rise lasts longer than the decline in a ratio of about 3 to 2.

Two of the major cycles appear to have been of unusually long duration—about six years. The explanation of these exceptions is suggested by the fact that the long cycle in the period from 1891 to 1896 was due to an unusually protracted decline (39 months, compared with an average of 24 months) and that the second long cycle, 1915 to 1920, was due to a protracted rise (52 months, compared with an average rise of 36 months). The protracted decline ending in 1896 was associated with the unusual decline in the general commodity price level, while the protracted rise ending in 1920 was marked by the great war-time general commodity price inflation.

The fourth fact shown in the table relating to the extent of the price rise, together with the duration of the complete cycle, serves to differentiate the major from the minor cycles. Expressed in pre-war dollars, the advances from low to high points in the case of major cycles have ranged from about \$4 to \$5.50, averaging \$4.70, and in the case of the minor ones from \$1.50 to \$2.50, averaging \$2.10. This average of \$2.10, in terms of the current commodity price level instead of the 1913 one, would be about 50 per cent greater, or about \$3.25.

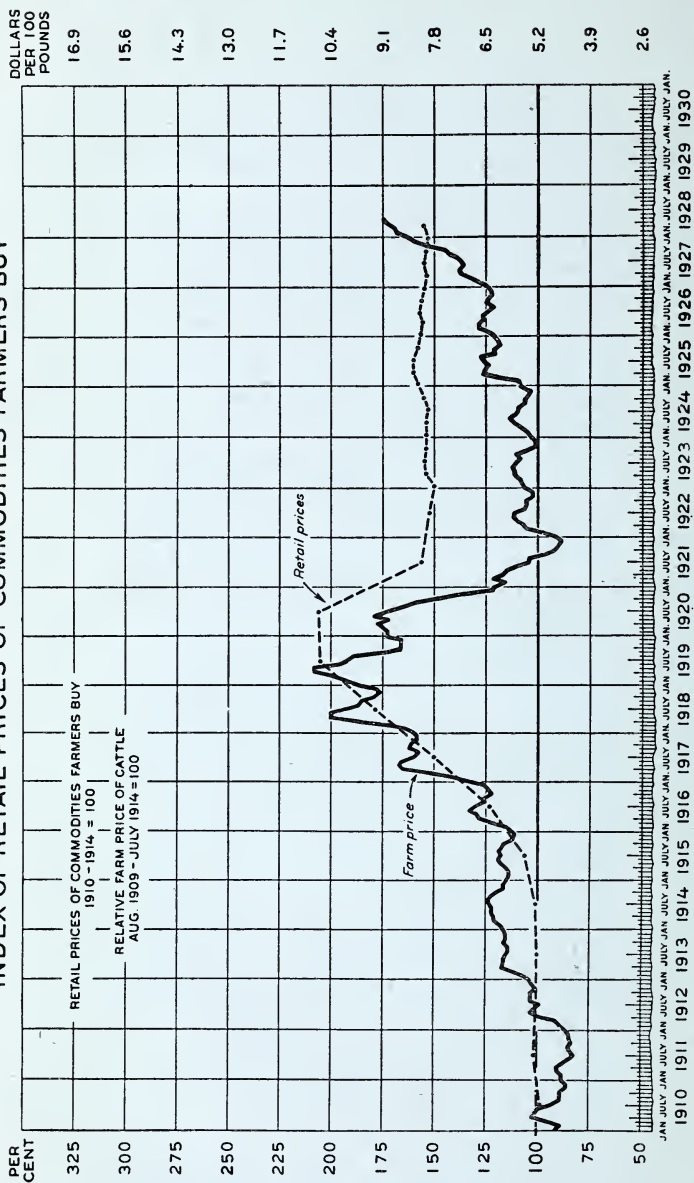
Two questions suggest themselves: What is the reason for this regular alternating sequence of major and minor hog price cycles and what is their practical significance? The major price cycles appear to have accompanied seasons of considerable reduction in the

number of hogs slaughtered, and the minor ones appear to have accompanied moderate reductions in slaughter, and these in turn reflect the corn supply situation. For example, the period 1920-24 was one of large corn crops, heavy slaughter, and a minor hog price cycle, and the next period, 1924-28, one of smaller corn crops, light slaughter and a major price cycle. Consequently, the basic explanation of the major and minor price fluctuations is probably traceable to the corn supply and to the tendency for periods of large corn crops to alternate with periods of small crops. From this it would seem that the usual response of farmers to very low prices, namely, curtailment of output, has been periodically modified or hindered to some extent by inopportune large corn supplies.

The significance of these characteristics lies in the fact that they are suggestive of what hog producers may expect during the course of the next hog price cycle. Should the sequence continue as it has during the past 50 years, there is likely to be a minor cycle following the recent low prices, which would terminate some time in 1931, or thereabouts, with about two years of generally advancing prices (excepting seasonal fluctuations) and some time during the course of the cycle prices would advance to a level of \$11 to \$12, or approximately \$3 above the recent low prices of heavy hogs of \$7.75. Whether or not this sequence will take place will depend, among other things, on whether the recent relatively small corn crops of 1924-1927, which have produced the major price cycle of 1924-1928, will be followed by a period of larger crops.

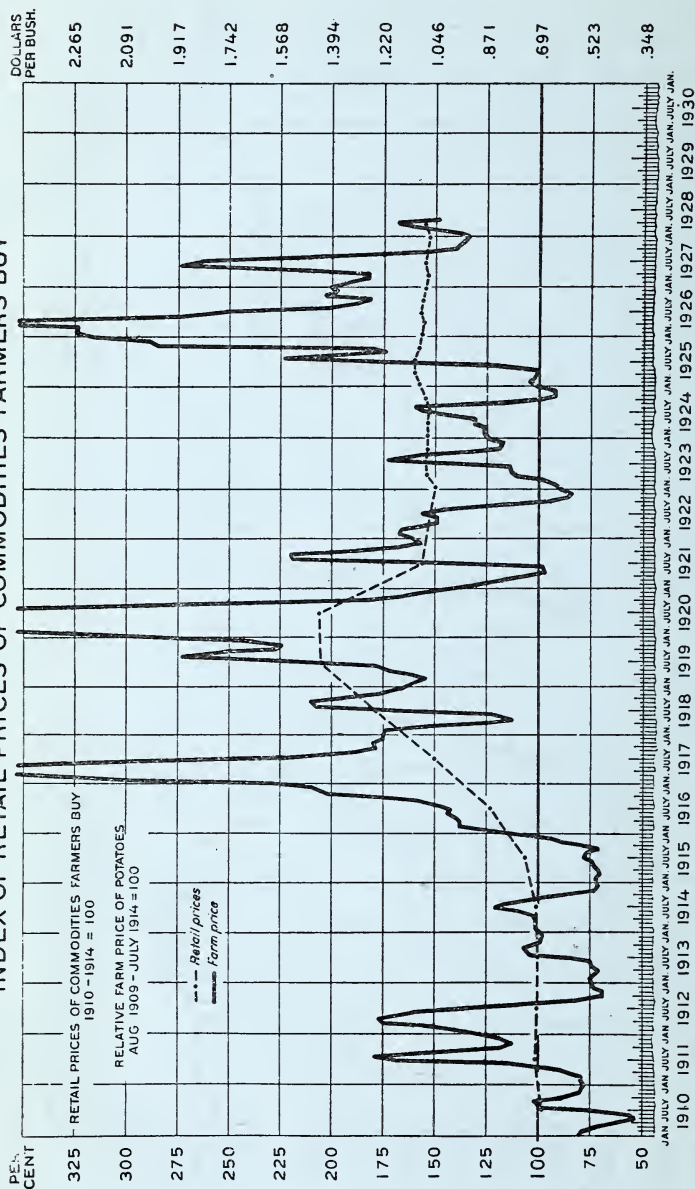
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FARM PRICES OF CATTLE AND INDEX OF RETAIL PRICES OF COMMODITIES FARMERS BUY



The average price of cattle, like hogs, tends to move in rather definite cycles. In the past, this movement has been something like eight years up and eight years down. Cattle prices were very low for four years following 1920, and it was only last year that they definitely moved toward the upper levels of the present cycle. The interesting question ahead is whether and how nearly history will repeat itself.

FARM PRICES OF POTATOES AND INDEX OF RETAIL PRICES OF COMMODITIES FARMERS BUY

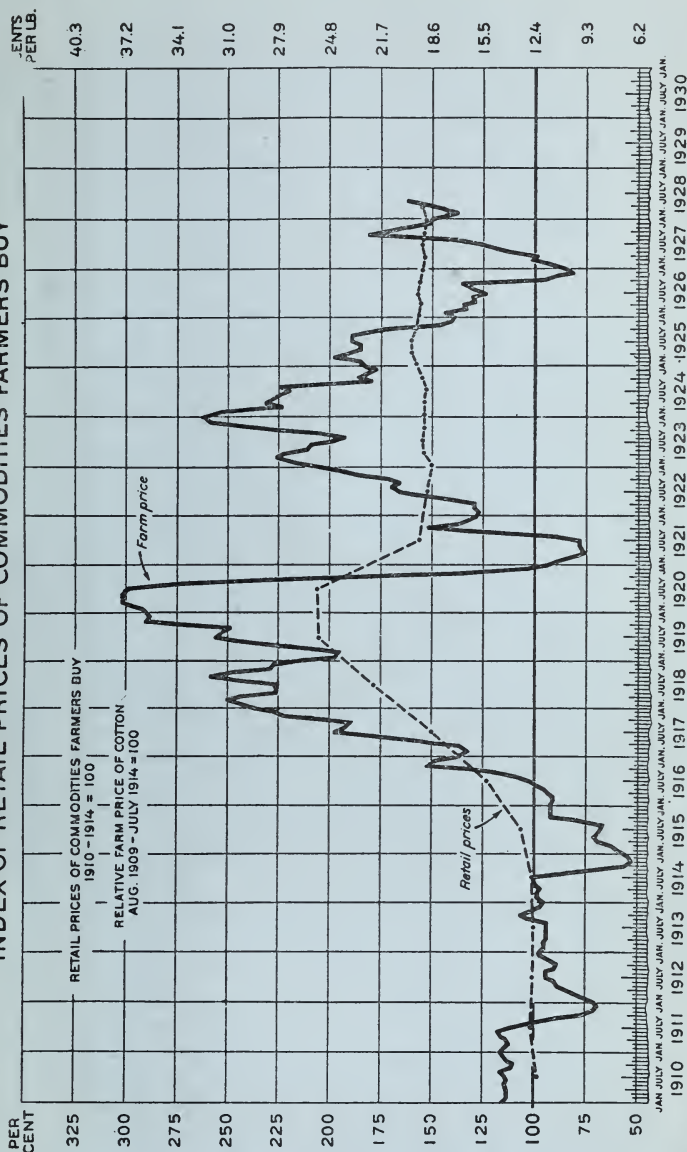


U.S. DEPARTMENT OF AGRICULTURE

BUREAU OF AGRICULTURAL ECONOMICS

Potato prices vary greatly from year to year, depending largely on the size of the current potato crop. Potatoes have been relatively high for three years and the effect has been to stimulate the acreage.

FARM PRICES OF COTTON AND INDEX OF RETAIL PRICES OF COMMODITIES FARMERS BUY



U. S. DEPARTMENT OF AGRICULTURE

During 10 of the last 12 years, cotton has sold in the fall marketing period at an average price to farmers of above 15½ cents a pound. The exceptions were in the general price slump of 1920 and the overwhelming crop of 1926. During 8 of the 12 years, cotton has had a relatively high exchange value during the fall marketing period and during 4 years a low exchange value for the commodities which farmers buy. The periodic depressions in cotton prices have followed periods of favorable prices and expanded acreage.

